

In regard to the inventory item reduction program, the Military Services and DSA have submitted "withdrawal-of-interest" and cancellation actions for 236,857 Federal stock numbers during the first 8 months of fiscal year 1967.

REAL PROPERTY MANAGEMENT DISPOSAL

The goal of our base utilization program is to insure efficient use of our worldwide system of bases and installations. Continuous review is needed to keep this system in proper balance. Changes in the alignment of our troops and advances in weapon technology have important effects on our installations requirements. Moreover, opportunities are disclosed from the reviews we make to consolidate functions and eliminate unnecessary costs, and to get rid of bases that no longer meet a military requirement.

Since this program began in 1961, a total of 917 separate base closure or reduction actions have been taken. When they are all completed, these actions will result in the release of 1,818,249 acres of excess land, the elimination of 207,000 jobs, and annual recurring operating costs of approximately \$1.5 billion. The elimination of bases no longer required is necessary in order that funds and manpower devoted to defense are not expended on activities which are no longer required.

We regret the dislocations and inconveniences which unavoidably result from these necessary base changes. However, the closure schedules provide for an orderly phase-out of activities, in most instances over periods of several years, in order to minimize the impact on the communities involved, and to provide employees the maximum possible opportunities for relocation. Our Office of Economic Adjustment has assisted 56 communities in 31 States in finding a variety of industrial or public uses for bases we have closed. A job opportunity is guaranteed for every career employee affected by base closure actions. If the new job opportunity requires a move to another location, the Government will pay transportation and moving expenses for the employee and his family. We also arrange for retraining at our expense and continue the employee's salary while he is being retrained.

I am pleased to report that since our guaranteed job opportunity program was initiated, no career employee affected by a base closure or reduction has been separated without having received a valid job offer.

SURPLUS SALES AND USE OF RECEIPTS

You will recall that at the end of July 1965 this committee requested the GAO to make a study of the cost of sales of DoD surplus property and the use of the proceeds, to determine whether any of the proceeds were being used for nonauthorized purposes.

The GAO study concluded that no instances were observed where proceeds from sales of surplus property were diverted for purposes which are contrary to law. However, the report stated that established DoD policies for the reimbursement of disposal expenses and depositing of sale proceeds were not always followed.

The GAO study contained no specific recommendations, although four measures for improving disposal operations were suggested: